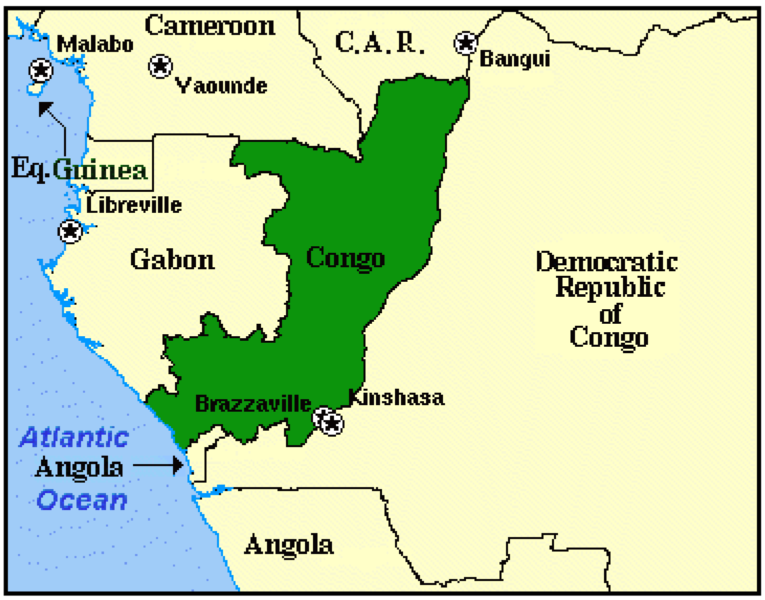
October 2000

Congo-Brazzaville

With the development of new offshore oil fields, Congo-Brazzaville is becoming increasingly important to world energy markets.

Note: Information contained in this report is the best available as of October 2000 and is subject to change.



GENERAL BACKGROUND

Following a five-month period of civil war, General Denis Sassou-Nguesso was inaugurated as president of Congo in October 1997. Fighting, primarily in the capital and southwestern Pool region, resumed the following year and continued until the government and rebels signed cease-fire agreements in November and December 1999. In August 2000, President Sassou-Nguesso announced plans to submit a draft constitution to the interim parliament in March 2001.

Congo's economy consists mainly of village agriculture, an urban informal sector (i.e., unregulated business, commerce, and service activities), and an industrial sector dominated by oil and oil-related services with few linkages to the rest of the economy. Since the 1980s, the oil industry has provided the major share of government revenues and exports, replacing timber production and exports as the principle growth sector. Oil accounts for over 50% of Congo's real gross domestic product (GDP), 80% of government revenue and 94% of Congo's export earnings. Oil exports grew from approximately $820 million in 1994 to nearly $1.5 billion in 1999. In spite of this oil wealth, Congo has experienced budgetary shortfalls as a result of public sector expenditures, the slump in 1998 world oil prices, and a resumption of armed conflict in December 1998. Mirroring the pattern of armed conflict in the country, Congo's GDP growth rate fluctuated from -16.7% in 1997 to 3.6% in 1998 to -.07% in 1999. Due to the cessation of internal hostilities and higher oil prices, real GDP is expected to grow by at least 4% in 2000.

Congo's business and administrative infrastructure was badly damaged during the 1997 and 1998-1999 civil wars, increasing the petroleum sector's dominance of the economy. Economic activity was further hampered by the fact that over 800,000 Congolese, nearly 30% of the population, fled their homes during the 1998-1999 conflict. The cost of gasoline in Brazzaville climbed to three times the official level due to the disruption of the rail line linking the capital with the port city and economic capital, Pointe-Noire. In July 1997, the World Bank suspended disbursements to Congo due to non-payment of debt service. An International Monetary Fund (IMF) post-conflict recovery plan, approved in July 1998, could not be implemented because of the renewed fighting. In April 2000, international financial institutions, including the IMF and World Bank, began negotiations for new humanitarian and post-conflict recovery plans, in exchange for which Congo is expected to increase its fiscal transparency and improve management of its fiscal balance and external arrears. After a meeting with Congolese government officials on October 6, 2000, donors expressed their support for Congo's Interim Post Conflict Reconstruction and Rehabilitation Program, while noting the heavy burden imposed on Congo by its debt. In 1999, the total Congolese debt was approximately $5.4 billion, amounting to a total debt-to-GDP ratio of 245.3 percent.

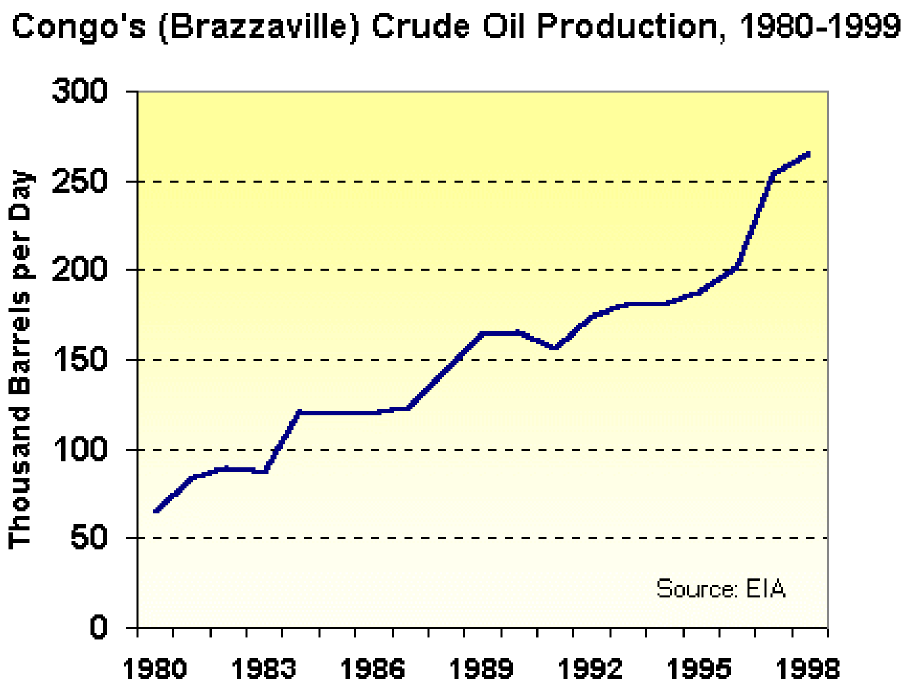
OIL

Congo is sub-Saharan Africa's fourth largest oil producer (after Nigeria, Angola, and Gabon), with estimated proven reserves of 1.5 billion barrels. Congo's total oil production, on the rise since 1980, was 265,000 barrels per day (bbl/d) in 1999 and throughout the first half of 2000. The majority of Congo's crude production is located offshore and is heavily reliant on foreign personnel and technology. The recently merged Belgian-French oil company, TotalFina Elf, holds a dominant position in exploration, production, and refining. Italy's ENI-Agip (Agip) plays an important secondary role, particularly in exploration and production.

Congo's crude oil types are typically medium and sweet, with gravities in the 22°API to 33°API range. The country's main crude export blend is Djeno, which has a 27.6°API gravity and a 0.23% sulfur content. Recent production on the N'Kossa and Kitina fields has yielded lighter, higher value crude types of 36.9°API and 38°API gravities, respectively.

In April 1998, the Congolese government established a new national petroleum company, the Société Nationale des Pétroles du Congo (SNPC). SNPC assumed all upstream functions of the former state-owned company, Hydro-Congo, when exploration and production assets were formally transferred to SNPC in February 2000. The process of privatizing Hydro-Congo's downstream operations has been underway since 1997.

In 1994, Congo enacted new hydrocarbon legislation offering production-sharing agreements (PSAs) to foreign oil companies. The PSAs are designed to replace joint venture arrangements in existence since 1968. Under the PSAs, foreign oil companies act as contractors for the national oil company, SNPC. The PSAs are intended to ensure a constant minimum flow of revenue to the Congolese government, commensurate with similar agreements between other regional oil exporting states and major oil companies. Congo's PSAs commit foreign partners to carry out exploration and development within a pre-determined time (usually three years for each phase). Contractors finance all investment costs, and recover their investments when production begins. In 1995, foreign companies were given the option of converting existing exploration and production joint venture contracts to PSAs. All major operators in Congo have signed PSAs for their respective field developments.



Production

Congo started to produce oil in 1957 from the onshore Pointe Indienne field, reaching a peak output of about 2,500 (bbl/d) in the mid-1960s. Over the past ten years, Congo's crude production has nearly doubled, from 144,000 bbl/d in 1988 to an average of 265,000 bbl/d in 1999 and the first half of 2000. TotalFina Elf operates the majority of Congo's crude oil producing fields, while Agip holds the second largest operating share. TotalFina Elf averaged 160,000 bbl/d of crude oil production in Congo in 1999.

TotalFina Elf operates Congo's largest field, N'Kossa, located on the Haute Mer permit. Discovered in 1984, N'kossa (two fixed platforms in 190 meters of water) began to produce in June 1996 at 5,000 bbl/d and over 73,000 bbl/d in 1997. Production in 1998 averaged 67,000 bbl/d, less than the originally projected 100,000-110,000 bbl/d. The 1998 decrease in production resulted from technical problems that Elf resolved in 1999, when production rebounded slightly to 70,000 bbl/d. N'Kossa's recoverable reserves are estimated at 500 million barrels, including 40 million barrels of LPG. TotalFina Elf's (51% interest) partners on the Haute Mer Permit are Chevron (30%), SNPC (15%), and Energy Africa (Engen)(4%).

Many of the smaller TotalFina Elf-operated fields are located on the old Pointe-Noire Grande Fonds (PNGF) concession. The PNGF fields that Elf recently brought into production are Tchibouela, Sendji, Yanga, Tchendo, Emeraude and Likouala. Elf brought the Tchibouela-Est field (three miles east of the Tchibouela hub) into partial production in August 1998 by employing a "hubs and clusters" development strategy designed to boost productivity without heavy capital outlays. Tchibouela-Est holds an estimated 40 million barrels of recoverable reserves. TotalFina Elf's partner in the PNGF fields is Agip (35% interest).

In 1998, ENI-Agip produced an average of 67,000 bbl/d from its offshore Congo operations. Agip is the operator of the Loango (50% stake), Zatchi (65%), and Kitina (35.7%) fields. TotalFina Elf is Agip's partner on both Loango (50%) and Zatchi (35%), while Chevron and SNPC are the major shareholders with Agip on Katina. Agip began production on the offshore Kitina field (southern Marine VII license) in December 1997. Production began from a single well at a rate of 5,300 bbl/d, and now averages 60,000 bbl/d. Estimated recoverable reserves are 145 million barrels and 11 additional wells are planned.

The U.S. independent oil-firm, CMS Nomeco, produces approximately 15,000 bbl/d from 18 wells located on the offshore Yombo field. CMS Nomeco acquired its interest in the field from Amoco in 1994.

Shell operates with a 50% stake on the Marine IX permit and holds interests of 15% on Mer Profonde Nord and 15% on Mer Profonde Sud (TotalFina Elf operator). In February 2000, Marathon Oil Company acquired a 15% interest from TotalFina Elf in Mer Profonde Nord, building upon Marathon's existing presence elsewhere in the Gulf of Guinea. In April 2000, Chevron acquired 15% interest in Mer Profonde Sud, located 50 miles offshore in depths of 3,300-6,600 feet. Both the Mer Profonde Sud and Congo's Haute Mer permit lie adjacent to Angola's deepwater Block 14 (Chevron operator) which contains a number of recent large discoveries, including the Kuito field, which began production on December 15, 1999.

While most of Congo's crude oil exports are destined for Western Europe (mainly France) and the United States, Congo is seeking to increase its sales to Asian markets. Congo exported 53,000 bbl/d of crude to the United States during the first seven months of 2000, ranking Congo as the 19th largest supplier of imported oil to the United States.

Field Development and Exploration
In May 2000, TotalFina Elf announced its first deep offshore discovery in its Mer Tres Profonde Sud (MTPS) permit. Tests indicated that the Andromede Marine-1 well has a flow rate of 7,000 bbl/d of crude oil. Agip and ExxonMobile each hold a 30% share in the MTPS permit. TotalFina Elf is in the process of developing several smaller fields on the PNGF permit. Production on the Kombi and Likalala fields, with an estimated output of 40,000 bbl/d, began in December 1999. Other fields scheduled for development on the PNGF permit include Libondo, Tchibeli, Litanzi and Yanga-Sud. TotalFina Elf expects to begin production on all its PNGF fields by 2004. Total reserves are estimated to be 180 million barrels, and the total development costs are estimated at $135 million.

TotalFina Elf and its partners are continuing development and exploration on the Haute Mer permit, the location of the N'Kossa field. The Moho field, also in the Haute Mer area, was discovered in 1995. TotalFina Elf plans to bring the field into production by 2001. Moho has estimated reserves of 400 million barrels of oil. In early 1998, Elf announced the Libonolo and Bilondo Marine 1 discoveries. Bilondo Marine 1, which tested at 8,520 bbl/d, was the first discovery in Congo to confirm potential commercial crude oil accumulations from Tertiary sands. In February 1998, the Moho Marine 3 appraisal well also found crude oil in Tertiary sands that tested at a cumulative rate of 6,800 bbl/d. Both Moho and Bilondo are expected to improve returns on N'Kossa field when they begin feeding into N'Kossa's existing export facilities.

Two Israeli oil firms, Isramco and Naphta, began drilling in September 2000 in Tilapia in the Marine III permit. Elf was the original operator on Marine III, but relinquished it in 1995, preferring to drill elsewhere in the country.

Refining and Downstream
Congo's sole refinery, Congolaise de Raffinage (CORAF) was commissioned in 1974 and began operations two years later in Pointe Noire. The nameplate capacity of the refinery is 21,000 bbl/d, but the refinery often operates at 50%-55% of its capacity, with prolonged periods of inactivity. Fighting from 1997 through 1999 severely disrupted the

supply of CORAF fuel to the national market and led to an increase in fuel imports from the Democratic Republic of Congo.

Critical repairs were made to the refinery in early 2000, allowing CORAF to fully resume its activities in April 2000 for the first time in four years. In September 2000, fuel from the refinery was again able to reach Brazzaville due to the reopening of the Pointe Noire-Brazzaville rail line. The rail line had been closed for two years because of repeated sabotage by rebels. In June 2000, a South Africa-brokered financial arrangement was announced to pay for the dredging of the port of Pointe Noire. The port, equipped to a depth of 13 meters to enable large ships to dock, had silted up to a depth of only 7 meters, effectively blocking large carrier ships. The last thorough dredging was in 1987. The oil companies that use the port agreed to make direct payments to the South African bank which financed the dredging.

As part of Hydro-Congo's privatization, the government began negotiations with Elf and Shell for the sale of CORAF in 1997. In August 2000, SNPC assumed ownership of CORAF. SNPC's London-based sister organization, SNPC UK, has agreed to assist with the promotion of sales of Congo's crude oil and with the development of Congo's relationship with banks and other financial institutions.

NATURAL GAS

Congo contains an estimated 3.2 trillion cubic feet of natural gas reserves. After Nigeria and Cameroon, Congo holds the third largest gas resource base in sub-Saharan Africa. Although the majority of Congo's gas reserves are associated (found with oil deposits), the country contains some non-associated fields, including the offshore Banga Marine and Litchendjili Marine fields. All of Congo's gas output is currently vented or flared because of a lack of infrastructure.

ELECTRICITY

The potential for hydroelectric power generation in Congo is large (3,000 megawatts-MW), but has been largely unexploited. Electricity consumption is low as most people in rural areas rely on wood as their primary source of fuel. Moreover, electricity transmission links are non-existent in many parts of the country, and in recent years, civil war has periodically disrupted power supplies. Congo currently has an electrical generation capacity, primarily hydropower, of around 118 MW. The 74-MW Bouenza and the 15-MW Djoué hydroelectric plants have been the mainstays of Congo's power generating capability since 1980. Congo is a net electricity importer, purchasing approximately one-fourth of its requirements from the Democratic Republic of Congo. Congo plans to reduce its reliance on electricity imports by expanding current facilities and constructing additional generation facilities. In 1996, the Djoué hydropower station on the outskirts of Brazzaville was refurbished by Rotek, a branch of the South African power company, Eskom.

Congo has signed an $11.2-million agreement with Geo-Industria of the Czech Republic to conduct feasibility studies on four micro hydroelectric power plants in the north. Development of the $925-million, 1-gigawatt (GW) Sounda Gorge hydroelectric project has been postponed. Some analysts have anticipated that the Sounda Gorge project could transform the country into a significant regional exporter of electricity. The project called for the implementation of a three phase construction plan at the confluence of the Niari and Kouilou Rivers, located approximately 85 miles north of Pointe Noire. The first phase would have involved the installation of two turbines. These turbines would have a capacity of 10 MW and would be used to generate cash flow for subsequent phases. The second phase entailed the construction of a 130-foot high dam, which would boost the plant's generating capacity to 240 MW. A third phase was to increase the dam's height to over 300 feet and its generating capacity to 1 GW. The Canadian-based Magnesium Alloy Corporation (MAC) is studying the possibility of establishing a 180-MW hydroelectric facility on the Kouilou River. MAC states the facility would primarily supply power for its magnesium extraction project, but an approximate 50 MW of power would be available for sale to domestic and regional consumers.

Prior to the 1997 civil war, Congo's National utility, Société Nationale d'Electricité (SNE) was one of the several government entities considered for privatization. Subsequent damage inflicted upon SNE's infrastructure in the Brazzaville area during the civil war has decreased the likelihood of immediate privatization. The French firm, Electricité de France, had expressed interest in SNE, and has offered assistance in restoring services to Brazzaville.

Sources for this report include: Africa Energy and Mining; Africa News Service; CIA World Factbook 2000; CountryWatch.com; Economist Intelligence Unit Country Report (4th Quarter 1999) and Country Profile (1999-2000); Economist Intelligence Unit ViewsWire; Energy Intelligence Group Oil Daily; International Monetary Fund; Panafrica News Agency; Petroleum Intelligence Weekly; U.S. Energy Information Administration; World Bank.

COUNTRY OVERVIEW

President: General Denis Sassou-Nguesso
Independence: August 15, 1960 (from France)

Population (2000E): 2.83 million
Location/Size: Central West Africa; borders the Atlantic Ocean, the Democratic Republic of the Congo (to the east and south), Gabon (to the west), Cameroon and the Central African Republic (to the north), and the Angolan enclave of Cabinda (to the south)/342,000 square kilometers (132,000 square miles), slightly smaller than Montana
Major Cities: Brazzaville (capital), Pointe Noire
Languages: French (official), Kikongo, Lingala and Monokutuba, plus other African languages also spoken
Ethnic Groups: Kongo (48%), Sangha (20%), Batéké (17%), M'Bochi (12%)
Religion: Christian (predominantly Roman Catholic) (50%), Traditional Beliefs (48%), Muslim (2%)
Defense (1998E): Army (8,000), Navy (800), Air Force (1,200), Paramilitary Forces (5,000)

ECONOMIC OVERVIEW

Minister of Finance and the Budget: Mathias Dzon
Currency: Communauté Financière Africaine (CFA) franc
Market Exchange Rate (10/10/00): US$1 = 755.54 CFA
Gross Domestic Product (GDP) -- in current U.S. dollars (1999E): $2.2 billion
Real GDP Growth Rate (1999E): -.07% **(2000E):** 4.0%
Inflation Rate (1998E): 1.8% **(1999E):** 3.1%
Major Trading Partners: France, United States, Italy, the Netherlands, Belgium, Taiwan
Merchandise Exports (1999E): $1.7 billion
Merchandise Imports (1999E): $955 million
Major Export Products: Crude oil, lumber, sugar, cocoa, coffee, diamonds
Major Import Products: Capital goods, foodstuffs, petroleum products, machinery, vehicles and spare parts
Total External Debt (1999E): $5.4 billion

ENERGY OVERVIEW

Minister of Petroleum Affairs: Jean-Baptiste Taty-Loutard
Minister of Energy and Water Resources: Jean-Marie Tassoua
Proven Oil Reserves (1/1/00): 1.5 billion barrels
Oil Production (1999E): 265,000 barrels per day (bbl/d), of which all is crude oil
Oil Consumption (1999E): 8,000 bbl/d
Net Oil Exports (1999E): 257,000 bbl/d
Refining Capacity (1/1/00): 21,000 bbl/d
Natural Gas Reserves (1/1/00): 3.2 trillion cubic feet (tcf)
Natural Gas Production (1/1/99): None
Natural Gas Consumption (1/1/99): None
Coal Reserves (1/1/00): None
Coal Production (1/1/00): None
Coal Consumption (1/1/00): None
Electric Generation Capacity (1/1/99): 118 megawatts
Electricity Generation (1998): 503 million kilowatthours
Electricity Consumption (1998): 588 million kilowatthours

ENVIRONMENTAL OVERVIEW

Minister of Industry, Mines & Environment: Michel Mampouya
Minister of Energy & Water Resources: Jean-Marie Tassoua
Total Energy Consumption (1998E): 0.02 quadrillion Btu* (0.006% of world total energy consumption)
Energy-Related Carbon Emissions (1998E): 1.1 million metric tons of carbon (0.018% of world carbon emissions)
Per Capita Energy Consumption (1998E): 8.27 million Btu (vs U.S. value of 350.7 million Btu)
Per Capita Carbon Emissions (1998E): 0.39 metric tons of carbon (vs U.S. value of 5.5 metric tons of carbon)
Sectoral Share of Energy Consumption (1997E): Transportation (50.6%), Industrial (28.4%), Residential (24.0%)
Sectoral Share of Carbon Emissions (1997E): Transportation (69.0%), Residential (17.5%), Industrial (13.5%)
Fuel Share of Energy Consumption (1998E): Oil (72.3%)
Fuel Share of Carbon Emissions (1998E): Natural Gas (71.6%), Oil (28.4%)
Renewable Energy Consumption (1997E): 39 trillion Btu* (3% decrease from 1996)
Number of People per Motor Vehicle (1997): 50 (vs U.S. value of 1.3)
Status in Climate Change Negotiations: Non-Annex I country under the United Nations Framework Convention on Climate Change (ratified October 14th, 1996). Not a signatory to the Kyoto Protocol.
Major Environmental Issues: Air pollution from vehicle emissions; water pollution from the dumping of raw sewage; tap water is not potable; deforestation
Major International Environmental Agreements: A party to Conventions on Biodiversity, Climate Change, Endangered Species, Ozone Layer Protection, Tropical Timber 83, Tropical Timber 94. Has signed, but not ratified: Desertification and Law of the Sea.

* The total energy consumption statistic includes petroleum, dry natural gas, coal, net hydro, nuclear, geothermal, solar and wind electric power. The renewable energy consumption statistic is based on International Energy Agency (IEA) data and includes hydropower, solar, wind, tide, geothermal, solid biomass and animal products, biomass gas and liquids, industrial and municipal wastes. Sectoral shares of energy consumption and carbon emissions are also based on IEA data.

OIL AND GAS INDUSTRIES

Organization: State-owned Société Nationale des Pétroles du Congo (SNPC) oversees offshore and onshore oil exploration and production.
Major Producing Fields: N'Kossa (70,000 bbl/d), Kitina (60,000 bbl/d)
Major Refineries (1/1/99 Capacity bbl/d): Congolaise de Raffinage (CORAF) - Pointe Noire (21,000 bbl/d)
Major Oil Terminals: Djeno
Major Foreign Oil Company Involvement: British Petroleum, Chevron, CMS Nomeco, Energy Africa, ENI-Agip, ExxonMobil, Naphta Petroleum, Occidental, Royal Dutch/Shell, Sasol, TotalFina Elf

---

Links

For more information from EIA on Congo-Brazzaville, please see:
EIA - Country Information on Congo-Brazzaville

Links to other U.S. government sites:
CIA World Factbook - Congo-Brazzaville
U.S. State Department's Consular Information Sheet - Congo-Brazzaville (May 12, 2000)
U.S. State Department's: Human Rights Report for Congo-Brazzaville (February 2000)
U.S. Department of Commerce -- Trade Information Center
U.S. Information Agency -- Africa
U.S. Agency for International Development in Africa

To contact the Embassy of the Republic of Congo:
Embassy of the Republic of Congo in the United States

The following links are provided solely as a service to our customers, and therefore should not be construed as advocating or reflecting any position of the Energy Information Administration (EIA) or the United States Government. In addition, EIA does not guarantee the content or accuracy of any information presented in linked sites.

MBendi Information for Africa
MBendi Country Profile on Congo
University of Pennsylvania Congo Page
Harvard University: Africa Links Page
ABC News Congo Country Profile
African Development Bank: Congo Fact Sheet
International Finance Corporation: Sub-Saharan Africa information
International Energy Agency: Congo

If you liked this Country Analysis Brief or any of our many other Country Analysis Briefs, you can be automatically notified via e-mail of updates. Simply click here, click on the mailing list you would like to join, then click on the "Join" button at the bottom of the screen and fill in the requested information. You will then be notified within an hour of any updates to our Country Analysis Briefs.

Return to Country Analysis Briefs home page

File last modified: October 13, 2000

Contact:

Elias Johnson
ejohnson@eia.doe.gov
Phone: (202)586-7277
Fax: (202)586-9753

URL: http://www.eia.doe.gov/emeu/cabs/congo.html